

Memorandum

**To: Shelly Schueller, Director,
Wisconsin Deferred Compensation Program**

**From: Bill Thornton, Senior Portfolio Manager,
Advised Assets Group**

Date: February 13, 2012

Re: Benchmarks for Target Date Funds

For purposes of the quarterly investment report, the Vanguard Target Date Funds are being compared to two benchmarks: a composite market return benchmark based on each fund's asset allocation, as well as a Dow Jones Target Date Benchmark. In an effort to also compare each fund to their peer group, AAG performed a search of Morningstar's database to evaluate possible benchmarks options.

Morningstar maintains several target date fund benchmarks. For each target date fund group, Morningstar calculates a general category average return, and they also segregate the funds by their respective asset allocation. For instance, the Morningstar Target Date 2021-2025 benchmark looks at all of the U.S. target date funds that fall within that date range and segregates them into three categories: aggressive, moderate, and conservative. Morningstar then calculates both an equal-weighted and an asset-weighted average performance for each of those groups. As a result, each target date fund would have seven available benchmarks. For instance, the 2025 fund could utilize the following benchmarks:

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| 1. Target Date 2021-2025 Category Avg | 5. Target Date 2021-2025 Moderate AW |
| 2. Target Date 2021-2025 Aggressive EW | 6. Target Date 2021-2025 Conservative EW |
| 3. Target Date 2021-2025 Aggressive AW | 7. Target Date 2021-2025 Conservative AW |
| 4. Target Date 2021-2025 Moderate EW | |

We would suggest using either the general Target Date category average (#1 listed above) or the Equal-Weighted Moderate benchmark. (#4 above) The category average would provide a broad measure for comparison purposes, while the Moderate benchmark would provide a more specific comparison. Either selection would provide an appropriate benchmark for the Plan.

Name	3 Mo	1 Yr	3 Yr	5 Yr	Annual Return (2011)	Annual Return (2010)	Annual Return (2009)	% Short-Term	% US Stocks	% Non US Stocks	% Inv Grade Bond	% High Yield Bond
Vanguard Target Retirement Income Inv	3.99	5.25	9.58	4.86	5.25	9.39	14.28	8	20	8	64	0
Fidelity Freedom Income	2.49	2.02	8.44	3.27	2.02	7.63	16.12	27	12	6	50	5
T. Rowe Price Retirement Income	5.11	1.43	10.88	3.37	1.43	10.10	22.07	7	30	10	44	9
Composite Returns*	3.24	3.66	7.27	3.33	3.66	7.61	11.21	-	-	-	-	-
DJ US Target Today TR USD	2.85	6.42	8.71	5.90	6.42	8.72	11.04					
Cat: Retirement Income	4.08	1.60	10.32	2.86	1.60	8.94	18.36					
Morningstar Retirement Income Mod EW	4.33	0.20	9.80	2.73	0.20	10.06	20.04					
Vanguard Target Retirement 2015 Inv	6.07	1.71	11.54	2.54	1.71	12.47	21.30	3	39	16	42	0
Fidelity Freedom 2015	4.83	-0.34	11.84	1.90	-0.34	11.75	25.62	12	29	14	37	8
T. Rowe Price Retirement 2015	7.07	-0.32	14.21	2.11	-0.32	13.79	31.35	5	44	18	26	7
Composite Returns*	5.41	0.58	8.57	0.93	0.58	9.43	17.04	-	-	-	-	-
DJ US Target 2015 TR USD	4.70	5.44	11.15	4.21	5.44	11.54	16.75					
Cat: Target Date 2011-2015	5.19	-0.27	11.43	0.55	-0.27	11.50	23.55					
Morningstar Trgt Date 2011-2015 Mod EW	5.31	-0.24	11.00	1.39	-0.24	11.77	22.67					
Vanguard Target Retirement 2025 Inv	7.38	-0.37	12.28	1.27	-0.37	13.84	24.81	2	50	21	27	0
Fidelity Freedom 2025	6.30	-2.65	12.94	0.76	-2.65	13.82	30.03	10	40	19	23	8
T. Rowe Price Retirement 2025	8.18	-2.06	15.48	1.06	-2.06	15.37	36.29	5	53	23	15	4
Composite Returns*	6.65	-1.44	9.19	-0.62	-1.44	10.35	20.39	-	-	-	-	-
DJ US Target 2025 TR USD	7.58	3.53	13.97	2.98	3.53	15.44	23.85					
Cat: Target Date 2021-2025	6.81	-2.06	12.43	-0.23	-2.06	13.29	28.32					
Morningstar Trgt Date 2021-2025 Mod EW	7.18	-1.85	12.44	0.43	-1.85	13.75	27.34					
Vanguard Target Retirement 2035 Inv	8.72	-2.24	13.00	0.27	-2.24	15.14	28.17	1	61	25	12	0
Fidelity Freedom 2035	7.30	-4.59	12.75	-0.51	-4.59	14.46	31.26	11	48	23	10	8
T. Rowe Price Retirement 2035	9.05	-3.26	16.10	0.43	-3.26	16.34	39.04	4	60	27	7	2
Composite Returns*	7.91	-3.31	9.83	-2.10	-3.31	11.30	23.59	-	-	-	-	-
DJ US Target 2035 TR USD	10.12	1.50	16.10	1.91	1.50	18.62	29.98					
Cat: Target Date 2031-2035	8.08	-3.51	12.66	-0.99	-3.51	14.28	30.06					
Morningstar Trgt Date 2031-2035 Mod EW	8.22	-3.56	12.55	-0.82	-3.56	14.46	29.14					
Vanguard Target Retirement 2045 Inv	8.76	-2.51	12.90	0.24	-2.51	15.19	28.15	1	62	26	11	0
Fidelity Freedom 2045	7.67	-5.02	12.89	-0.84	-5.02	14.72	32.04	11	49	24	6	10
T. Rowe Price Retirement 2045	9.12	-3.47	16.06	0.43	-3.47	16.44	39.10	4	61	27	6	2
Composite Returns*	7.99	-3.54	9.88	-2.25	-3.54	11.36	23.94	-	-	-	-	-
DJ US Target 2045 TR USD	11.22	0.56	16.72	1.65	0.56	19.83	31.97					
Cat: Target Date 2041-2045	8.71	-4.10	12.74	-1.34	-4.10	14.60	30.88					
Morningstar Trgt Date 2041-2045 Mod EW	8.84	-4.02	13.08	-0.84	-4.02	14.97	31.04					
Vanguard Target Retirement 2055 Inv	8.87	-2.27	-	-	-2.27	-	-	1	62	26	11	0
Fidelity Freedom 2055 (begun 6/11)	7.99	-	-	-	-	-	-	11	52	26	1	10
T. Rowe Price Retirement 2055	9.12	-3.35	16.07	0.41	-3.35	16.41	38.97	4	61	27	6	2
Composite Returns*	8.00	-3.55	9.87	-2.26	-3.55	11.36	23.91	-	-	-	-	-
DJ US Target 2055 TR USD	11.23	0.55	16.72	1.65	0.55	19.83	31.97					
Cat: Target Date 2050+	8.44	-4.13	13.03	-1.59	-4.13	14.45	32.20					
Morningstar Trgt Date 2050+ Mod EW	8.68	-4.45	13.15	-1.46	-4.45	14.87	31.99					